

Consumer Advocate.² HOH, by its response to PUC-IR-301, makes certain revisions to its proposed tariff changes. These revisions arise out of: (1) the updated information submitted as part of HOH's responses to the commission and Consumer Advocate's information requests; and (2) HOH's informal discussions with the Consumer Advocate.³

HOH filed its transmittal, as amended, pursuant to HRS § 269-16 and HAR § 6-61-111, and proposes an effective date of December 31, 2008.⁴ No protests or comments were filed in response to HOH's transmittal.

II.

Discussion

Tariff changes proposed by public utilities must be just and reasonable.⁵ Here, HOH proposes the following changes to Rules VII and XVI of its tariff:⁶

²HOH's response, filed on November 17, 2008, to PUC-IR-101; HOH's response, filed on November 20, 2008, to the commission's second set of information requests; HOH's responses, filed on December 9, 2008, to the Consumer Advocate's information requests; and HOH's response, filed on December 18, 2008, to PUC-IR-301.

³See HOH's response to PUC-IR-301.

⁴See HOH's letter, dated December 2, 2008 (HOH's voluntary extension of the proposed effective date, from December 12, 2008 to December 31, 2008, in light of the Consumer Advocate's issuance of its information requests on December 1, 2008).

⁵HRS § 269-16(a) and (b).

⁶Proposed deletions are bracketed, proposed additions are underscored.

RULE VII
PAYMENT OF BILLS

1. Bills. The Customer will be billed each month the monthly charge for sewer service[: each] in advance of sewer service, and all bills shall be due and payable within thirty (30) days after deposit in the United States mail or presentation to the Customer. The Customer will have the option to pay for one or more months of sewer service for each calendar year upon notification to the Company. Payment shall be made at the office of the Company or, at the Company's option, to duly authorized collectors of the Company.

. . . .

RULE XVI
AUTOMATIC POWER COST ADJUSTMENT CLAUSE

In [January] December of each year, the Company will calculate the actual rate per kWh for the prior [calendar year] twelve month period beginning on December 1 of the preceding year and ending on November 30 of the current year ("Measurement Year") by dividing the total electric expense by the total kWh for that period to determine the Measurement Year electric expense per kWh. The Company will then compare the rate per kWh for the Measurement Year with the base rate per kWh as determined in the last rate proceeding and use the difference to determine the APCAC, which will be added or subtracted from the Company's then effective rates and applied prospectively for the next twelve (12) months beginning [February 1] January 1 and ending [January 31] December 31 ("Implementation Year").

. . . .

- | | |
|--------------------------------------|-------------------------|
| 1. Measurement Year Electricity Cost | \$189,000[estimated]* |
| 2. Measurement Year kWh Usage | 700,000 kWh[estimated]* |
| | |
| 9. Measurement Year Revenue | \$500,000[estimated]* |
| 10. Percent Increase (Decrease) | 1.0334% |
| Required (Line 8/Line 9) | |

[The 1.0334%] *The annual APCAC computation will reflect the actual recorded amounts for the Measurement Year. The Percent Increase (Decrease) (i.e., line 10) will be applied to all of the approved rates [at the end of January and the] as set forth in HOH's Sewer Rate Schedule beginning in January of the Implementation Year. The resulting rates will be billed [during] for each month of the Implementation Year[.] until a new APCAC is computed. The Company will prepare and maintain an annual reconciliation of the APCAC revenue collected during the Implementation Year compared with the change in electricity expense to be recovered through the APCAC for the Measurement Year.

HOH's response to PUC-IR-301.

Under Rule VII, HOH's customers are currently subject to advanced monthly billing by the wastewater utility. HOH seeks to revise Rule VII by providing its customers with the "option to pay for one or more months of sewer service for each calendar year upon notification to the Company."⁷

Upon review, the commission finds that HOH's proposed changes to its Rule VII appear just and reasonable. Based on HOH's representations, the proposed multi-month payment option arises out of customer demand for such an option, especially from customers who primarily reside out-of-state and utilize their Poipu residences as second homes.⁸

Under Rule XVI, HOH presently calculates its Automatic Power Cost Adjustment Clause ("APCAC") in January of each year, based on the prior calendar year's measurements (i.e., the Measurement Year), which is then applied to the prospective

⁷HOH's response to PUC-IR-301.

⁸See Transmittal No. 08-01, at 4; and HOH's responses to PUC-IR-201, PUC-IR-202, and CA-IR-5.

twelve-month period beginning February 1 and ending on January 31 (i.e., the Implementation Year). HOH seeks to revise its Rule XVI:

. . . to allow HOH to make its APCAC calculations starting in [December] instead of January, and to change the twelve-month period which applies to the Implementation Year from "beginning February 1 and ending January 31" to "beginning January 1 and ending December 31". This administrative change will allow HOH to begin its APCAC calculations earlier, such that the APCAC adjustment can be reflected in the first billing statements for the year instead of as an additional credit or debit item in a subsequent billing period [to account for the APCAC adjustment for the prior month's billing]. Further, modifying the Implementation Year to coincide with the calendar year will make it easier for consumers to understand and for HOH to implement its APCAC administratively.

Transmittal No. 08-01, at 5; see also HOH's response to PUC-IR-301.

The commission also finds that HOH's proposed changes to its Rule XVI, governing the methodology for calculating the APCAC, appear just and reasonable. In effect, for purposes of clarity and in order to minimize customer confusion, HOH seeks to revise Rule XVI such that the Implementation Year for the APCAC corresponds to a calendar year time period (January 1 to December 31), in place of the current February 1 to January 31 time period. Moreover, based on its informal discussions with the Consumer Advocate:

. . . . HOH has also agreed to prepare and maintain an annual reconciliation of the revenues collected pursuant to an APCAC adjustment against the change in electricity expense intended to be recovered through the APCAC adjustment against the change in electricity expense intended to be recovered through the APCAC adjustment factor. The reconciliation is intended to evaluate the effectiveness of the APCAC, assess the impact of

any over/under collections that may result from the current APCAC mechanism and determine the need to revise the mechanism based on such over/under collection, if any.

HOH's response to PUC-IR-301.

The commission approves HOH's transmittal, as amended. HOH shall promptly inform its affected customers of the applicable tariff changes to its Rules VII and XVI.

III.

Orders

THE COMMISSION ORDERS:

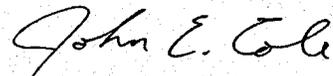
1. HOH's Transmittal No. 08-01, filed on November 12, 2008, as amended on December 18, 2008, is approved.
2. HOH shall promptly: (A) file its revised tariff sheets, with the applicable issued and effective dates; (B) inform its affected customers of the applicable tariff changes to its Rules VII and XVI; and (C) provide copies of its customer notice to the commission and the Consumer Advocate.
3. Upon the filing of the revised tariff sheets and the customer notice, this non-docketed matter shall be considered closed, unless ordered otherwise by the commission.

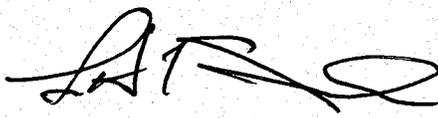
DONE at Honolulu, Hawaii

DEC 29 2008

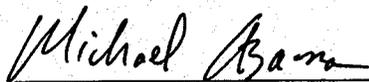
PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By: 
Carlito P. Caliboso, Chairman

By: 
John E. Cole, Commissioner

By: 
Leslie H. Kondo, Commissioner

APPROVED AS TO FORM:


Michael Azama
Commission Counsel

HOH.Tariff.Transmittal.08-01.12/08.cp

CERTIFICATE OF SERVICE

The foregoing order was served on the date of filing by mail, postage prepaid, and properly addressed to the following parties:

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